Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

UNCLASSIFIED

PAGE 01 STATE 163025
ORIGIN EB-08

INFO OCT-01 ISO-00 AF-10 ARA-14 EA-12 EUR-12 NEA-11
SIG-03 AGRE-00 IO-14 COME-00 STR-07 TRSE-00 OMB-01
L-03 CEA-01 CIAE-00 DODE-00 FRB-01 H-02 INR-10
INT-05 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05
SS-15 ITC-01 ICA-20 SP-02 SOE-02 DOE-15 /186 R

DRAFTED BY EB/ICD/TRP:DHBURNS:BLO
APPROVED BY EB/ORF:SWBOSWORTH
EB/ICD/TRP:TJO'DONNELL
USDA/FAS:RMCCONNELL
----------055918 271944Z /64
R 271603Z JUN 78
FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
AMEMBASSY ABIDJAN
AMEMBASSY BANGKOK
AMCONSUL BELIZE
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL CALI
AMEMBASSY CANBERRA
AMCONSUL CAPE TOWN
AMCONSUL DURBAN
AMEMBASSY COPENHAGEN
USMISSION GENEVA
AMCONSUL GUAYAQUIL
AMEMBASSY KHARTOUM
AMEMBASSY LILONGWE
AMEMBASSY LONDON
AMEMBASSY MAPUTO
AMEMBASSY MANILA
AMEMBASSY MBABANE
AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 163025

AMEMBASSY PARIS
AMEMBASSY PORT LOUIS
AMEMBASSY PRETORIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY SEOUL
AMEMBASSY STOCKHOLM

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

AMEMBASSY SUVA
AMEMBASSY TAIPEI
AMEMBASSY ANTANANARIVO
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON

UNCLAS STATE 163025

USEEC, OECD, ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: SUGAR IMPORT FEES
REF: STATE 91945

1. U.S. DEPT. OF AGRICULTURE HAS RECENTLY COMPLETED AN ANNUAL REVIEW OF PARITY INDEX USED TO COMPUTE U.S. DOMESTIC SUGAR PRICE SUPPORT LEVEL. UNDER 1977 FOOD AND AGRICULTURE ACT, THE PRICE OF 1977 AND 1978 CROPS OF SUGAR BEETS AND SUGAR CANE MUST BE SUPPORTED THROUGH LOANS (OR PURCHASES) AT A LEVEL NOT LESS THAN 52.5 PERCENT OF PARITY. RE-CALCULATION BASED ON CURRENT COSTS HAS LED TO CONCLUSION THAT 52.5 PERCENT OF PARITY IS NOW EQUAL TO AT LEAST
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 163025

14.65 CENTS PER POUND RAW VALUE. (SMALL UPWARD ADJUST-MENT TO 14.7-14.8 CENTS PER POUND MAY BE MADE IN 1978 SUPPORT PRICE WITHIN NEXT MONTH OR TWO.)

2. EFFECT OF INCREASE IS THAT U.S. PRODUCER WHO CANNOT SELL RAW SUGAR AT 14.65 CENTS MAY RECEIVE LOAN AT THIS LEVEL FROM COMMODITY CREDIT CORPORATION. IF THE PRODUCER DOES NOT REDEEM THE LOAN WITHIN ABOUT 11 MONTHS, THE SUGAR BECOMES THE PROPERTY OF THE USG.

3. SUGAR IMPORTED AT LESS THAN 14.65 CENTS PER POUND (C.I.F.) TENDS TO DEPRESS THE U.S. MARKET PRICE AND CAUSE U.S. PRODUCED SUGAR TO ENTER THE LOAN PROGRAM. IF THE IMPORT PRICE CONTINUES LOWER THAN THE SUPPORT PRICE UNTIL LOANS MATURE, USDA MAY BE FORCED TO ASSUME OWNERSHIP OF SIZEABLE QUANTITITES OF SUGAR. DISPOSING OF THIS SUGAR CAN BE A FORMIDABLE PROBLEM.

4. QUESTION HAS THUS ARISEN AS TO WHETHER IMPORT FEES ON SUGAR SHOULD BE RAISED. QUESTION IS BEING POSED IN CON-TEXT OF A RESPONSE TO INTERNATIONAL TRADE COMMISSION RECOMMENDATION OF A FEE/QUOTA SYSTEM (REFTEL). LEGAL

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

CONSIDERATIONS ARE IMPORTANT IN CONSIDERATION OF FEE INCREASE, SINCE FEE CANNOT EXCEED 50 PERCENT AD VALOREM VALUE AND CURRENT WORLD PRICE OF SUGAR IS CLOSE TO SEVEN CENTS PER POUND.

5. BECAUSE ISSUES INVOLVED IN INCREASE IN FEE ARE DIFFICULT ONES, USDA DECIDED TO CALL FOR PUBLIC COMMENT. NOTICE WAS PUBLISHED IN FEDERAL REGISTER OF JUNE 21. TEXT OF ANNOUNCEMENT FOLLOWS:

BEGIN TEXT: SECTION 22 IMPORT RESTRICTIONS ON SUGAR - - SOLICITATION OF VIEWS

BY PROCLAMATION NO. 4547 OF JANUARY 20, 1978, IMPORT FEES
UNCLASSIFIED

WERE IMPOSED, ON AN EMERGENCY BASIS, ON CERTAIN SUGAR PURSUANT TO SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT, AS AMENDED (7 U.S.C. 624), PENDING FURTHER ACTION BY THE PRESIDENT ON THE INVESTIGATION AND REPORT BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION AS TO WHETHER IMPORTS OF SUCH SUGAR ARE INTERFERING WITH PRICE SUPPORT OPERATIONS FOR SUGAR. IMPORT FEES NOW IN EFFECT ARE 2.70 CENTS PER ,OUND FOR RAW SUGAR AND 3.22 CENTS PER POUND FOR REFINED SUGAR AND SYRUPS, SUBJECT TO THE LIMITATION THAT THE FEE MAY NOT BE IN EXCESS OF 50 PER CENTUM AD VALOREM.

THE COMMISSION HAS CONDUCTED ITS INVESTIGATION AND HAS REPORTED THAT IMPORTS OF SUGAR, PROVIDED FOR IN TSUS ITEMS 115.50 AND 115.30, ARE INTERFERING WITH SUCH OPERATIONS. IN SUCH CIRCUMSTANCES THE PRESIDENT IS AUTHORIZED TO IMPOSE IMPORT FEES OR QUANTATIVE RESTRICTIONS DETERMINED NECESSARY TO PREVENT IMPORTS FROM MATERIALLY INTERFERING WITH SUGAR PRICE SUPPORT OPERATIONS. THE FEES MAY NOT EXCEED 50 PER CENTUM AD VALOREM AND THE QUOTAS MAY NOT BE LESS THAN 50 PER CENTUM OF IMPORTS DURING A REPRESENTATIVE PERIOD.

BEFORE MAKING MY RECOMMENDATION TO T;E PRESIDENT WITH RESPECT TO THE IMPORT RESTRICTIONS WHICH WOULD BEST ACCOMPLISH THIS PURPOSE, I DESIRE TO OBTAIN THE VIEWS OF INTERESTED PERSONS.

PRESENTLY, IT IS MY INTENTION TO RECOMMEND THE CONTINUATION OF THE FEE SYSTEM TO PROTECT THE PRICE SUPPORT LOAN PROGRAM FOR SUGAR; TO RECOMMEND AN INCREASE IN THE EXISTING FEES; AND TO RECOMMEND A FORMAL PROCEDURE (FORMULA) FOR ADJUSTING THE FEES ON A QUARTERLY BASIS, BEGINNING OCTOBER 1, 1978.
UNCLASSIFIED

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

THE VIEWS OF INTERESTED PERSONS ARE SOUGHT IN PARTICULAR ON THESE QUESTIONS:

SHOULD THE IMPORT FEE ON RAW SUGAR BE INCREASED FROM THE 2.70 CENTS PER POUND NOW IN EFFECT? IF SO, TO WHAT LEVEL AND WHEN SHOULD THE HIGHER FEE BECOME EFFECTIVE?

SHOULD THE IMPORT FEE ON REFINED SUGAR BE INCREASED FROM THE 3.22 CENTS PER POUND NOW IN EFFECT? IF SO, TO WHAT LEVEL AND WHEN SHOULD THE HIGHER FEE BECOME EFFECTIVE?

SHOULD SUGAR UNDER BINDING FORWARD CONTRACT FOR IMPORTATION INTO THE UNITED STATES PRIOR TO THE DAY FEES ARE INCREASED BE SUBJECT TO THE FEES IN EFFECT AT THE TIME THE CONTRACT WAS ENTERED INTO, OR TO THE FEES IN EFFECT AT THE TIME THE SUGAR IS IMPORTED INTO THE UNITED STATES?

WHAT FACTORS SHOULD BE TAKEN INTO ACCOUNT IN THE (MONTHLY, QUARTERLY, SEMI-ANNUALLY) ADJUSTMENT FORMULA THAT IS TO BE SPECIFIED IN THE PROCLAMATION? SPECIFICALLY, SHOULD THE ADJUSTMENT FORMULA USE SPOT OR FUTURES PRICES? ALSO, WHAT PERIOD SHOULD THE ADJUSTMENT BE BASED UPON? FOR EXAMPLE, IF FEES WERE TO BE ADJUSTED QUARTERLY BEGINNING OCTOBER 1, 1978, SHOULD THE ADJUSTMENT BE BASED UPON PRICES DURING JUNE-AUGUST 1978 OR SOME LONGER OR SHORTER PERIOD OF TIME?

HOW FREQUENTLY SHOULD THE FEES ON IMPORTED SUGAR BE ADJUSTED (MONTHLY, QUARTERLY, SEMI-ANNUALLY), AND WHEN SHOULD THE AUTOMATIC ADJUSTMENT PROCESS BEGIN?

HOW MANY DAYS BEFORE THE BEGINNING OF A TIME PERIOD (MONTH, QUARTER, SEMI-ANNUAL) SHOULD THE NEW FEE BE ANNOUNCED?

COMMENTS SHOULD BE SUBMITTED TO WILLIAM DOERING, USDA, RM. 5062, SOUTH BUILDING, WASHINGTON, D.C. 20250, SO AS TO
UNCLASSIFIED

BE RECEIVED WITHIN 15 DAYS FROM THE DATE OF PUBLICATION OF THIS ANNOUNCEMENT IN THE FEDERAL REGISTER. A DRAFT IMPACT ANALYSIS IS AVAILABLE FROM ELMER K. KLUMPP, RM. 231-W, PHONE 202-447-5795.

DATED: JUNE 16, 1978

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

BOB BERGLAND, SECRETARY. END TEXT.

6. ACTION REQUESTED: POSTS ARE ENCOURAGED TO DISCUSS SOLICITATION OF VIEWS ANNOUNCEMENT WITH HOST GOVERNMENT OFFICIALS. POSTS SHOULD STRESS THAT THERE IS NO PRE-DETERMINED OUTCOME. FOREIGN GOVERNMENTS MAY SUBMIT COMMENTS DIRECTLY TO USDA BEFORE JULY 6.

7. IN DISCUSSING ABOVE, POINT SHOULD BE MADE THAT ADMINISTRATION CONTINUES EFFORTS TO OBTAIN RATIFICATION OF INTERNATIONAL SUGAR AGREEMENT. VARIOUS BILLS HAVE BEEN INTRODUCED TO PROVIDE DOMESTIC PROGRAM TO REPLACE SUGAR PROVISIONS OF FOOD AND AGRICULTURE ACT OF 1977 INCLUDING AN ADMINISTRATION PROPOSAL. ADMINISTRATION IS DETERMINED THAT ANY DOMESTIC PROGRAM WILL BE COMPATIBLE WITH INTER-NATIONAL SUGAR AGREEMENT. WE HAVE BEEN ENCOURAGED BY RECENT PROGRESS TOWARD REACHING A DOMESTIC SUPPORT PLAN SATISFACTORY TO BOTH CONGRESS AND THE ADMINISTRATION. AGREEMENT ON SUCH A PLAN WOULD OPEN THE WAY TO RAPID RATIFICATION OF THE ISA. VANCE

UNCLASSIFIED

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, IMPORTS, FEES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE163025
Document Source: CORE
Document Unique ID: 00
Drafter: DHBURNS:BLO
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780266-0582
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780615/aaaaamzr.tel
Line Count: 244
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1874e57e-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 91945
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2191197
Secure: OPEN
Status: NATIVE
Subject: SUGAR IMPORT FEES
TAGS: ETRD, EAGR
To: ALL POSTS ABIDJAN MULTIPLE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/1874e57e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014